found.[136] Several LECs also note that AT&T and MCI falsely assume that all equal access costs have been recovered with the expiration of the EANR amortization because equal access costs continue to be incurred.[137]

53. The LECs also assert that, regardless of the merits of the arguments AT&T and MCI raise, this issue is beyond the scope of the annual access tariff proceeding.[138] Because the existing price cap rules require equal access costs to be treated endogenously, these LECs contend that a change in this treatment could be accomplished only by rulemaking.[139] BellSouth further argues that, even if the existing rules were changed to require exogenous treatment of the costs at issue, any such change would have to be limited to a prospective effect.[140]

**(d) Discussion**

54. Section 61.45(d) of the Commission's rules, 47 C.F.R. § 61.45(d), restricts the categories of cost changes that price cap LECs are allowed to treat exogenously to those listed and those that the Commission may designate as exogenous. It does not include EANR costs among those listed in the rules as exogenous. Therefore, a plain reading of Section 61.45(d) precludes exogenous treatment of EANR costs. Furthermore, as the LECs correctly note, the Commission concluded in both the *LEC Price Cap Order* and the *LEC Price Cap Reconsideration Order* that all equal access costs are to be treated endogenously.[141]

55. Specifically, in the *LEC Price Cap Reconsideration Order*, the Commission rejected MCI's proposal to treat BOC equal access costs in the same way as the RDA and IWA amortizations and to require a downward adjustment in PCI levels in 1994 to eliminate all equal

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[136] *Id.*

[137] *Id.* at 4-5 (asserting that it has incurred EANR expenditures since the implementation of price cap regulation on January 1, 1991, and continues to incur depreciation expense associated with equal access investments that are not fully depreciated as of January 1, 1994); U S West Reply at 3-4 (stating that equal access costs continue to accrue, but because "it is no longer necessary to account for them separately, they are included in . . . other tariff rate elements").

[138] *See, e.g.*, BellSouth Reply at 3-4; NYNEX Reply at 3.

[139] *Id.*

[140] BellSouth Reply at 3-4.

[141] *LEC Price Cap Order*, 5 FCC Rcd at 6808; *LEC Price Cap Reconsideration Order*, 6 FCC Rcd at 2667 n.77.

access costs.[142] The Commission concluded that there was a "meager factual record presented on the issue of equal access costs" and that the amortization of equal access costs is comparable to changes in depreciation levels that do not require an adjustment to the PCI when the equipment is fully depreciated.[143] As noted above in the *1994 TRP Order*, the Bureau relied on the Commission's prior decision in rejecting AT&T's proposal that the completion of the eight-year EANR amortization be treated exogenously.[144]

56. We believe that exogenous treatment of the EANR amortization would undercut the Commission's goal that the rates permitted under the price cap indices be driven by competition and market economies.[145] The Commission specifically found, in establishing price cap regulation and rejecting exogenous treatment of EANR costs, that:

> For the largest carriers, conversion [to equal access] has been largely completed, and its associated costs are embedded in existing rates. This being the case, there is little need to encourage these LECs to convert to equal access by treating the costs of conversions as exogenous.[146]

In addition, even if the EANR amortization did warrant exogenous treatment, such treatment would require a substantive rule change because Section 61.45(d) does not provide for exogenous treatment of the EANR amortization and no LEC has otherwise petitioned for, and been granted, a waiver of that rule. We therefore conclude that AT&T and MCI have failed to present a question that warrants investigation at this time.

### 2. Exogenous Treatment of Regulatory Fees

#### (a) Background

57. The Omnibus Budget Reconciliation Act of 1993 amended the Communications Act of 1934 by adding Section 9. That Section authorizes the Commission to assess and collect annual regulatory fees to recover the costs incurred in carrying out its enforcement activities,

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[142] *LEC Price Cap Reconsideration Order*, 6 FCC Rcd at 2667 n.77.

[143] *Id.*

[144] 9 FCC Rcd at 1063 n.28.

[145] *See, e.g.* Price Cap Performance Review for Local Exchange Carriers, Notice of Proposed Rulemaking, 9 FCC Rcd 1687, 1699 (1994) (proposing that the Commission should "reduce the categories of cost changes eligible for exogenous treatment where this will improve price cap efficiency incentives").

[146] *LEC Price Cap Order*, 5 FCC Rcd at 6808.

policy and rulemaking activities, user information services and international activities.[147] The schedule of fees established by the statute for fiscal year 1994 requires IXCs to pay an annual regulatory fee equal to $60.00 per 1,000 presubscribed access lines, and LECs to pay an annual regulatory fee of $60.00 per 1,000 access lines.[148] The Commission recently adopted regulations to implement the requirements of Section 9.[149]

58. Section 9(f) of the Act requires the Commission to permit payment by installments for regulatory fees in "large amounts."[150] In the *1994 Fees Order*, the Commission defined "large amounts" to be any fees that "are significantly higher than all others" and to allow entities who have to pay "large amounts" to make two "separate and equally divided" payments in fiscal year 1994 instead of paying the entire amount at once.[151] The Commission identified annual regulatory fees in excess of $500,000.00 to be a "large amount" with respect to LEC holding companies, and any annual fee payment in excess of $700,000.00 to be a "large amount" with respect to IXCs.[152] Thus, any LEC holding company or IXC with annual regulatory fees in excess of the specified amounts is allowed to make two equal installment payments under the rules. Bell Atlantic proposes to treat $1.078 million in regulatory fees as an exogenous cost adjustment in its access tariff.[153]

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[147] Pub. L. No. 103-66, Title VI, § 6002(a), 107 Stat. 397 (approved Aug. 10, 1993) (*Budget Act*). New Section 9 of the Communications Act of 1934 is codified at Section 159 of Title 47, United States Code, 47 U.S.C. § 159.

[148] 47 U.S.C. § 159(g). The statute requires the Commission to amend the fee schedule in any year after fiscal year 1994 by proportionate increases or decreases that reflect changes in the amount appropriated for that fiscal year for the performance of the Commission's enforcement, policy and rulemaking, information services and international activities. 47 C.F.R. § 159(b). The government's 1994 fiscal year commenced on October 1, 1993, and ends September 30, 1994.

[149] Implementation of Section 9 of the Communications Act, Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year, Notice of Proposed Rulemaking, MD Docket No. 94-19, FCC 94-46, 59 Fed. Reg. 12,570 (rel. Mar. 11, 1994) (*1994 Fees Notice*); Report and Order, FCC 94-140, MD Docket No. 94-19, 59 Fed. Reg. 30,984 (released June 8, 1994) (*1994 Fees Order*).

[150] 47 U.S.C. § 159(f).

[151] *1994 Fees Order*, at paras. 36-45.

[152] *Id.*

[153] Bell Atlantic Tariff F.C.C. Nos. 1, 2, 3, 4, 5, 8, Transmittal No. 644, Section 8 Workpaper 8-52-1, Row 1 (filed Apr. 1, 1994).

**(b) Petitions**

59. MCI contends that Bell Atlantic's proposal to increase its price cap indices by $1.078 million to reflect the payment of the new regulatory fee is unwarranted because Section 61.45(d) does not permit exogenous cost treatment for such fees, and Bell Atlantic has not otherwise obtained a waiver.[154] Allnet opposes exogenous treatment of the regulatory fees established by the Budget Act, arguing that they are similar to a tax used to generate funding for Commission operations, and the price cap rules specifically deny exogenous treatment for tax changes.[155]

60. Allnet further contends that even if it is proper to treat these regulatory fees as exogenous, Bell Atlantic still should not be permitted to do so because: (1) the amounts to be assessed are still uncertain, as the Commission has not yet established the cut-off date for determining the number of lines to be used for the derivation of the fees; and (2) the Commission has not yet determined whether they are to be assessed at the operating company level, or holding company level.[156] Sprint argues that the Commission should disallow Bell Atlantic's proposal to include $1.078 million in fees as an exogenous cost because it would be premature to allow exogenous treatment prior to adoption of final rules in the rulemaking initiated by the *1994 Fees Notice*.[157]

**(c) Replies**

61. Bell Atlantic maintains that it is appropriate to treat exogenously $1.078 million in regulatory fees because the fees are similar to a utility tax, which has already been determined to be an exogenous cost.[158] Bell Atlantic reasons that the Budget Act fees amount to an exogenous cost because: (1) "as a legislated mandate,"[159] they are beyond its control and (2) the fees are "levied exclusively upon telecommunications providers and, therefore, by definition, LECs are 'uniquely or disproportionately' affected."[160]

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[154] MCI Petition at 24. We note that all of the pleadings were filed prior to adoption of the *1994 Fees Order* and thus do not directly address it.

[155] Allnet Petition at 2-3, *citing LEC Price Cap Order*, 5 FCC Rcd at 6808.

[156] *Id.*

[157] Sprint Petition at 4, *citing 1994 Fees Notice*.

[158] Bell Atlantic Reply at 3.

[159] *Id.* at 3 n.9, *citing* 47 U.S.C. § 159(b)(1)(C).

[160] *Id.* at 3-4, *citing LEC Price Cap Order*, 5 FCC Rcd at 6808-09.

62. As support for its assertion, Bell Atlantic cites the Bureau's approval of exogenous treatment for a Pennsylvania realty tax imposed specifically on utilities.[161] Bell Atlantic argues that, because the Budget Act fees apply specifically to LECs, they are even more limited than the tax on all utilities addressed in the *Bell Atlantic Order*.[162] Although NYNEX did not request exogenous treatment of regulatory fees, it agrees with Bell Atlantic that such treatment is warranted. NYNEX contends that LECs may seek exogenous treatment under price caps for "costs triggered by administrative, legislative or judicial action beyond the control of carriers," and the Budget Act's imposition of increased regulatory fees meets that definition.[163]

63. Bell Atlantic further asserts that it is disingenuous for Sprint and Allnet to claim that, even if the fees are exogenous, inclusion in the 1994 annual filings would be premature because the petitioners have failed to show that the LECs are not under an obligation to pay the fees during the tariff year.[164] Bell Atlantic further claims that by "using end-of-year 1993 as the cut-off in its cost estimates," it has chosen "the lowest fee amount."[165] Bell Atlantic contends that exogenous treatment of the regulatory fees is not premature, as Sprint maintains, because the *1994 Fees Notice* "is limited to technical issues such as schedule and method of payment," whereas the "statutory obligation to pay is unquestioned."[166]

**(d) Discussion**

64. Section 61.45(d) limits the categories of exogenous costs to those listed in the rule and those designated as such by a Commission Order.[167] The regulatory fees at issue are not included among those costs listed as exogenous in Section 61.45(d), nor have they been designated as such in any Commission Order. Therefore, Bell Atlantic's treatment of them as exogenous violates Section 61.45(d) of the rules. Absent a rulemaking, the only means available to Bell Atlantic to obtain exogenous treatment of the regulatory fees is to secure a waiver of

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[161] Bell Atlantic Reply at 4 n.12, *citing* Bell Atlantic Companies Tariff F.C.C. No. 1, 7 FCC Rcd 1486 (Com. Car. Bur. 1992) (*Bell Atlantic Order*).

[162] *Id.*

[163] NYNEX Reply at 5-6.

[164] Bell Atlantic Reply at 4.

[165] *Id.* at 5.

[166] *Id.* at 5 n.16, *citing* Bell Atlantic Tariff F.C.C. Nos. 1, 2, 3, 4, 5, 8, Transmittal No. 644, Section 8 Workpaper 8-52-1, Row 1 (filed Apr. 1, 1994).

[167] 47 C.F.R. § 61.45(d).

Section 61.45(d).[168] Bell Atlantic, however, has not filed a petition seeking waiver of that rule section. Accordingly, we conclude that the Bell Atlantic proposal to treat the regulatory fees exogenously violates our price cap rules and, as such, is patently unlawful. We therefore order Bell Atlantic to recalculate its PCIs in order to reflect endogenous treatment of the regulatory fees required by the Budget Act.

### 3. Exogenous Treatment of Accounting Changes for Retiree Benefits

#### (a) Background

65. In December 1990, the Financial Accounting Standards Board (FASB) adopted SFAS-106, which requires companies to account for postretirement benefits other than pensions (other postretirement employee benefits or OPEBs) on an accrual basis beginning December 15, 1992.[169] Prior to that time, companies accounted for OPEBs on a "pay-as-you-go" basis. Under accrual methods, OPEBs are treated as deferred compensation that is earned by employees as they work.[170] In addition, SFAS-106 requires companies to book the previously unaccrued OPEB amount for retirees and active employees as of the date that the company adopts SFAS-106. This amount is called the transitional benefit obligation (TBO).[171]

66. The Bureau subsequently approved the requests of two LECs to adopt SFAS-106 accounting on or before January 1, 1993.[172] The Bureau also directed carriers to use the SFAS-106 option of spreading TBO amounts over prescribed periods of time, in order to avoid the distortion of LEC operating results caused by a one-time inclusion of the TBO amounts.[173] Several price cap LECs subsequently filed tariffs seeking exogenous treatment of OPEBS. The Bureau suspended and investigated these transmittals.[174] In the *OPEB Order*, the Commission

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[168] *See, e.g., 1994 Fees Order*, at n.38; Petition for Waiver of the Commission's Rules to Recover Network Depreciation Costs, 9 FCC Rcd 377 (1993).

[169] *See 1993 Annual Access Order*, 8 FCC Rcd at 4961.

[170] *Id.*

[171] *Id.*

[172] Southwestern Bell Corporation, GTE Service Corporation, Notification of Intent To Adopt Statement of Financial Accounting Standards No. 106, Employer's Accounting for Postretirement Benefits Other Than Pensions, 6 FCC Rcd 7560 (Com. Car. Bur. 1991).

[173] Under this option, LECs could either spread the TBO over a twenty-year period, or over the average remaining service period of active plan participants. *Id.*

[174] Treatment of Local Exchange Carrier Tariffs Implementing Statement of Financial Accounting Standards, "Employers Accounting for Postretirement Benefits Other Than

denied the LECs' request for exogenous treatment of OPEBs, but did not foreclose further consideration of whether to treat the TBO portion of OPEBs exogenously upon a more complete record.[175]

67. Several LECs then sought exogenous treatment of the TBO amounts in their 1993 annual access tariffs.[176] The Bureau suspended these transmittals, and designated for investigation the issue of whether the LECs have borne their burden of demonstrating that implementing SFAS-106 results in an exogenous cost change for the TBO amounts under the Commission's price cap rules.[177] That investigation is now pending before the Commission.

68. In the 1993 access tariffs Ameritech, Bell Atlantic, BellSouth, GTOC, GTSC, NYNEX, Southwestern, and U S West sought exogenous treatment of TBO amounts for the period from July 1, 1993 through June 30, 1994.[178] Bell Atlantic, NYNEX and U S West, however, also sought "retroactive" exogenous treatment for additional TBO amounts for the six-month period preceding the 1993 tariff year -- from January 1, 1993 through July 1, 1993.[179] In their 1994 access tariffs, Bell Atlantic, NYNEX and U S West now propose to adjust their PCIs by an exogenous cost adjustment that would remove the effect on the PCIs of the portion of the TBO amounts claimed in their 1993 access tariffs that represents the six-month "retroactive" period.

**(b) Contentions of the Parties**

69. Allnet argues that NYNEX, Bell Atlantic, and any other LECs proposing to reverse TBO amounts should base such reversals on the outcome of the Bureau's investigation of the

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Pensions," 7 FCC Rcd 2724 (Com. Car. Bur. 1992).

[175] Treatment of Local Exchange Carrier Tariffs Implementing Statement of Financial Accounting Standards, "Employers Accounting for Postretirement Benefits Other Than Pensions," 8 FCC Rcd 1024, 1037 (1993), *appeal docketed*, Nos. 93-1168, 93-1185, 93-1218 (D.C. Cir., argued May 19, 1994).

[176] Specifically, Ameritech, Bell Atlantic, BellSouth, GTOC, GTSC, Lincoln, NYNEX, Southwestern, and U S West sought exogenous treatment for such costs.

[177] *1993 Annual Access Order*, 8 FCC Rcd at 4965, 4973.

[178] These same LECs include exogenous adjustments for these OPEB amounts in their 1994 access tariffs.

[179] *See, e.g.*, Bell Atlantic D&J, Section 4, at 9-10; NYNEX D&J, at 44-45; U S West D&J, Section 1, at 11-12.

1993 annual access tariffs.[180] Allnet further contends that, if the amounts to be reversed are not correct, the rates proposed by Bell Atlantic and NYNEX may be overstated.[181] MCI maintains that, because the issue of whether to recognize OPEBs as exogenous cost changes is still pending in the OPEB investigation initiated in 1993, we should suspend this year's price cap access filings for at least one day.[182]

70. In its reply, NYNEX concludes that Allnet's and MCI's petitions are procedurally infirm because the exogenous treatment of OPEBs is currently under investigation.[183] NYNEX further argues that because it did not include an exogenous cost increase for OPEBs in its 1994 annual access tariff filing, there is nothing to investigate.[184] Bell Atlantic maintains that it seeks exogenous treatment only for the portion of OPEB TBOs that relates to employees who were already retired on the effective date of its adoption of SFAS-106.[185] Bell Atlantic concludes that it is appropriate to treat these costs exogenously because they constitute a limited expense beyond Bell Atlantic's control and are not already reflected in the price cap formula.[186]

**(c) Discussion**

71. We believe that it is premature to resolve here the issues of whether the LECs should adjust their PCIs to eliminate the effect of their previous exogenous cost treatment of TBO amounts, and whether they have identified the correct amounts on which to base that adjustment. Resolution must await a final Order disposing of the larger and more fundamental questions regarding exogenous treatment of OPEBs in the CC Docket No. 93-193 investigation.[187] We also find that Allnet raises an important issue as to whether the amounts that

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[180] Allnet Petition at 4.

[181] *Id.*

[182] MCI Petition at 25.

[183] NYNEX Reply at 3-4.

[184] NYNEX notes that if the Commission decides to modify or disallow the 1993 OPEB adjustment, it would comply with that decision by adjusting its PCIs on a prospective basis, and that there is therefore no need to investigate the 1994 tariff filing. NYNEX Reply at 4.

[185] Bell Atlantic Reply at 6.

[186] *Id.* at 6-7, *citing* Opposition of Bell Atlantic Telephone Companies to Petitions To Reject or Suspend and Investigate, Transmittal No. 565, at 2-10 (filed May 10, 1993); Direct Case of Bell Atlantic, *1993 Annual Access Tariff Filings*, CC Docket No. 93-193, at 2-6 (filed July 27, 1993).

[187] *See 1993 Annual Access Order*, 8 FCC Rcd at 4961-65.

the LECs propose to remove from their PCIs are correct. Moreover, Ameritech, Bell Atlantic, BellSouth, GTOC, GTSC, NYNEX, Southwestern, and U S West continue to include TBO amounts in the 1994 annual access filings, as they did in their 1993 tariff filings.[188] Accordingly, because the issues raised by the 1994 tariff filings are substantially similar to those designated for investigation in the *1993 Annual Access Order*,[189] we are suspending for one day the transmittals of the carriers listed in this paragraph based on their claims for exogenous treatment of TBO amounts and proposed reversal of TBO amounts. We are also incorporating the TBO provisions of these carriers' transmittals into the Docket 93-193 investigation and making these transmittals subject to the accounting order imposed in that docket. After the termination of the 1993 investigation and prior to the termination of this investigation, we will give the LECs an opportunity to present any legal argument or factual circumstances that might lead us to conclude that the decisions reached in CC Docket No. 93-193 on TBO issues should not control our treatment of the 1994 access transmittals.

### D. Other Issues

#### 1. U S West's Proposed Dark-Fiber Rates

##### (a) Background

72. "Dark fiber" service is the provision and maintenance of fiber optic transmission capacity between customer premises, with the electronics and other equipment necessary to power or light the fiber provided by the customer, not the LEC.[190] In its 1994 access tariff, U S West proposes to increase its dark fiber rates from $532 per-month per-mile for two fibers to $1,064 per-month per-mile for two fibers.[191]

##### (b) Contentions of the Parties

73. Wiltel argues that U S West's proposed dark fiber rate is unreasonable and discriminatory in violation of Sections 201 and 202 of the Act, 47 U.S.C. §§ 201, 202, because, while the rate of inflation for 1993 was only 3.2 percent, U S West proposes to increase dark

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[188] *See 1993 Annual Access Order*, 8 FCC Rcd at 4962 n.27 (citing those LECs that claimed exogenous treatment of TBO amounts in their 1993 access tariffs).

[189] 8 FCC Rcd at 4965.

[190] *See* Local Exchange Carriers' Individual Case Basis DS3 Service Offerings, 4 FCC Rcd 8634, 8645 n.7 (1989) (*ICB Order*).

[191] U S West Tariff F.C.C. Nos. 1 and 4, Transmittal No. 465, D&J, Appendix A, at 18.

fiber rates by 100 percent from $532 per month per mile rate for two fibers to $1,064.[192] Wiltel asserts that U S West's other high capacity customers will not be subject to a similarly precipitous increase.[193] Wiltel concludes that, at a minimum, suspension is warranted under Section 1.773 of the Commission's rules, 47 C.F.R. § 1.773. [194]

74. U S West replies that its proposed dark fiber rates are within the service band and below the price cap for these services, as Wiltel recognizes in its petition, and are therefore *prima facie* lawful.[195] U S West also argues that Wiltel has failed to overcome the presumption of lawfulness for below-cap, within-band tariff changes by making the substantial showing required in Section 1.773 of the rules.[196] U S West further notes that the Commission even acknowledged that dark fiber rates would probably increase consistent with price caps in the *Dark Fiber Presubscription Order.* [197]

**(c) Discussion**

75. We have reviewed U S West's proposed dark fiber rates[182] and all pleadings related to those proposed rates. We conclude that Wiltel has not shown that these rates are patently unlawful or that they warrant investigation at this time.

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[192] Wiltel Petition at 2-3, *citing* CPI Detailed Report, Dec. 1993, 1 (U.S. Dept. of Labor, Bur. of Labor Statistics 1993); American Broadcasting Cos. v. FCC, 663 F.2d 133, 138 (D.C. Cir. 1980); American Tel. & Tel. Co., 67 FCC 2d 1134, 1157-1158, (1978), *recon. denied,* 70 FCC 2d 2031 (1979).

[193] Wiltel Petition at 3. According to Wiltel, U S West's proposed DS3 rates decrease 0.42 percent from the current rates, and the total for high capacity/DDS band rates, which includes the 100 percent increase in dark fiber rates, increases by only 1.44 percent over the current total. *Id.* at n.4, *citing* U S West D&J, at 3-8.

[194] Wiltel Petition at 4-6.

[195] U S West Reply at 12-13.

[196] *Id.* at 13 n.28, *citing LEC Price Cap Order*, 5 FCC Rcd at 6822; *1992 Annual Access Order,* 7 FCC Rcd at 4731, 4736 (Com. Car. Bur. 1992).

[197] U S West Reply at 13-14, *citing* Bell Atlantic Telephone Companies Revisions to Tariff F.C.C. No. 1, BellSouth Telephone Companies Revisions to Tariff F.C.C. No. 4, Southwestern Bell Telephone Company Revisions to Tariff F.C.C. No. 68, U S West Communications Revisions to Tariff F.C.C. No. 1, Memorandum Opinion and Order, 6 FCC Rcd 4891-92 (1991) (*Dark Fiber Presubscription Order*).

[182] U S West Tariff F.C.C. Nos. 1 and 4, Transmittal No. 465, D&J, Appendix A, at 18.

### 2. Interest on Amounts Reallocated From Regulated to Non-Regulated Accounts

#### (a) Background

76. Under Section 61.45(d)(1)(v) of the rules, 47 C.F.R. § 61.45(d)(1)(v), price cap LECs are required to make exogenous cost adjustments to their PCIs to reflect the amounts of investment that they have reallocated from regulated to non-regulated accounts. In their 1994 access tariffs, BellSouth and NYNEX include exogenous cost adjustments for investments reallocated from regulated to non-regulated accounts.[183]

#### (b) Contentions of the Parties

77. According to Sprint, BellSouth and NYNEX have failed to include interest on the reallocated amounts in the exogenous adjustments they made to their PCIs to reflect reallocation of investment from regulated to non-regulated accounts based upon actual 1993 results.[184] Sprint concludes that, as is the case for exogenous adjustments required to meet sharing obligations, the LECs should include interest at 11.25 percent on any reallocated revenue requirement.[185] Sprint further maintains that Ameritech should be required to include calculations to support the assertion made in its transmittal that its reallocation of approximately $123,000 of total company investment during 1993 to non-regulated use does not impact its PCI or rate levels.

78. In their replies, the LECs assert that there is no rule that requires the inclusion of interest in the calculation of exogenous costs to account for reallocation of investment from regulated to non-regulated accounts.[186] BellSouth and NYNEX stress that the rule that governs the reallocations at issue, Section 61.45(d)(1)(v) is silent with respect to any interest requirement.[187] Moreover, BellSouth claims that if the Commission had intended to require the inclusion of interest in such reallocations, it would have made the requirement explicit, as it did in Section 61.45(d)(2), which requires inclusion of interest in calculation of exogenous costs incurred pursuant to sharing adjustments.[188] Ameritech maintains that, contrary to Sprint's purported need for supporting calculations, its $123,000 reallocation does not have any effect

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[183] BellSouth Tariff F.C.C. No. 1, Transmittal No. 197, D&J, at 1-3 and Vol. 2-2, at Tab A; NYNEX Tariff F.C.C. No. 1, Transmittal No. 288, D&J, at 44.

[184] Sprint Petition at 6.

[185] *Id.*

[186] BellSouth Reply at 9-10; NYNEX Reply at 5.

[187] *Id.*

[188] *Id.*

on the levels of price cap indices and rates.[189]

**(c) Discussion**

79. We have reviewed the procedures followed by the affected LECs to treat as exogenous costs the reallocation of investment from regulated to non-regulated accounts and all related pleadings. As the LECs correctly point out, there is no rule or policy requiring the inclusion of interest in the calculation of these exogenous costs. The rule that governs reallocation from regulated to non-regulated accounts, Section 61.45(d)(1)(v), does not require the inclusion of interest. Moreover, the Commission did not impose any requirement to include interest, or express an intent to establish such a requirement, in concluding that the reallocation of investment from regulated to non-regulated accounts should be treated as an exogenous cost adjustment.[190] We therefore conclude that Sprint has failed to show that the failure of BellSouth and NYNEX to include interest on investment reallocated from regulated to non-regulated accounts is patently unlawful. We also find that Ameritech has demonstrated that its reallocation has no effect on its price cap indices and rate levels,[191] and conclude that the issue raised by Sprint does not warrant investigation at this time.

**3. Calculation of the "g" Factor by Bell Atlantic**

**(a) Background**

80. The formula for calculating adjustments to the common line basket price cap indices of LECs is prescribed in Section 61.45(c) of the rules, 47 C.F.R. § 61.45(c). This Section requires, among other things, that LECs calculate the "g" factor, one component of the formula used to compute the new PCI for the common line basket. The "g" factor is defined in Section 61.45(c) as the ratio of minutes of use per access line during the base period to minutes of use per access line during the previous base period, minus one. In its comments to the *1993 Annual*

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[189] Ameritech alleges that after separations approximately 21 percent of the reallocated investment would be removed from the interstate jurisdiction. Ameritech asserts that the exogenous cost adjustment required to reflect this reallocation would be equal to the LEC's authorized rate of return multiplied by the interstate investment amount. According to Ameritech, its assumptions result in the total exogenous cost adjustment in this case amounting to less than $3,000. Although we are not convinced that Ameritech's calculations are correct, we have determined by our own review of Ameritech's filing that its investment reallocation has no effect on its PCIs. Ameritech Reply at 3-4.

[190] *LEC Price Cap Order*, 5 FCC Rcd at 6807-08.

[191] We note that, although we agree with Ameritech's conclusion that the amount of its reallocation to non-regulated accounts has no measurable impact on its PCIs, Ameritech should have presented a more detailed description of its calculation in the supporting documents that accompanied its 1994 annual filing.

*Access Order*, AT&T alleged that in calculating the "g" factor, SNET and Bell Atlantic had improperly applied the price cap formula in Section 61.45(c) by using a fourth quarter 1992 line count instead of the count for the full calendar year 1992 base period.[192]

**(b) Contentions of the Parties**

81. AT&T now contends that Bell Atlantic has improperly applied the formula for calculating the "g" factor in the computation of the 1994 PCI for the common line basket. Although the base period for this annual access filing is full calendar year 1993 AT&T argues that Bell Atlantic incorrectly used only a fourth quarter 1993 line count.[193] AT&T contends that according to the Bell Atlantic ARMIS submission the correct line count is 17,759,766. AT&T further claims that use of the correct "g" factor would reduce Bell Atlantic's common line basket PCI by $6.1 million and the carrier common line rate cap by $2.2 million.[194] AT&T concludes that Bell Atlantic should be required to reduce its common line basket PCI and carrier common line rate cap and to file reduced carrier common line rates that conform with these downward adjustments.[195]

82. Bell Atlantic responds that, contrary to AT&T's assertions, its calculation of the "g" factor is correct. AT&T's approach would lead to inconsistent figures and result in an invalid "g" factor, says Bell Atlantic. [196]

**(c) Discussion**

83. We conclude that Bell Atlantic's calculation of the "g" factor raises a sufficient question of lawfulness to warrant investigation. We also conclude that these issues are sufficiently related to those raised in the investigation initiated by the *1993 Annual Access Order* that administrative convenience would be served by adding this transmittal to that investigation.[197] We therefore suspend Bell Atlantic's calculation of the "g" factor for one day and incorporate it into the Commission's ongoing investigation of Bell Atlantic's "g" factor

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[192] 8 FCC Rcd at 4968.

[193] AT&T Petition at 15.

[194] AT&T asserts that Bell Atlantic's claimed base period access line count is 17,933,242 -- which is identical to the line count reported by Bell Atlantic in its fourth quarter 1993 ARMIS 43-01. AT&T Petition at 15-16.

[195] AT&T Petition at 16.

[196] Bell Atlantic Reply at 8 n.28, *citing* CC Docket 93-193, Bell Atlantic Opposition, at 12 (filed May 10, 1993); Bell Atlantic Direct Case, at 11-13 (filed July 27, 1993).

[197] 8 FCC Rcd at 4968.

calculation filed with its 1993 access tariff. The accounting order imposed in CC Docket No. 93-193 will apply to this transmittal as well.

### 4. Calculation of Carrier Common Line Rates by BellSouth

#### (a) Background

84. Section 61.46(d) of the Commission's rules, 47 C.F.R. § 61.46(d), prescribes the method that price cap LECs are to follow in calculating the maximum allowable carrier common line (CCL) charges that they may propose. In the *1994 TRP Order*, the Bureau established the updated "Chart CCL-1," that price cap LECs were to use to display their computations for deriving their maximum CCL rates, including base period CCL and subscriber line charge demand and rates.[198] Chart CCL-1 defines the level of detail that the Bureau requires to verify whether a carrier correctly computed its CCL price cap index.[199] The Bureau further noted that as a general rule:[200]

> Price cap LECs must report all data in the price cap TRP, except rates, in full units of measure with zero decimal places. Individual rates must be reported to the number of decimal places reflected in the company's tariffs. In certain cases, the rates reported on Chart RTE-1 may be aggregate rates, *i.e.*, an average of several rates. In those cases, rates should be displayed to six decimal places.

#### (b) Contentions of the Parties

85. AT&T argues that BellSouth will overrecover $30,332 in CCL revenues, due to errors in its computation of CCL charges.[201] AT&T concludes that BellSouth should be required to reduce its CCL rates to the corrected levels.

86. In its reply, BellSouth maintains that the discrepancies cited by AT&T stem from BellSouth's decision to round its proposed CCL premium terminating rates to five decimal places. BellSouth argues that no rule specifies that a tariffed rate must be set at six decimal

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[198] 9 FCC Rcd at 1061

[199] *Id.* at 1061-62.

[200] *Id.* at 1061 n.14.

[201] AT&T Petition at 13-14. AT&T alleges that BellSouth reports a correct premium terminating CCL rate in its Chart CCL-1 of $0.017919 per minute, but BellSouth proposes a premium terminating CCL rate of $0.017920 per minute in its tariff.

points as AT&T suggests.[202] BellSouth asserts that the $30,000 difference due to rounding is *de minimis*. BellSouth further asserts that rounding to five digits is warranted because this is the level of rounding reflected in its tariff, and the Bureau directed price cap LECs in the *1994 TRP Order* to report individual rates "to the number of decimal places reflected in the company's tariffs."[203]

**(c) Discussion**

87. We conclude that AT&T has failed to show that BellSouth's CCL rates contain computation errors. We agree with BellSouth that no Part 69 rule prescribes the number of decimal places to be used in computing tariffed rates. We conclude, therefore, that AT&T has failed to show that BellSouth's CCL rates are patently unlawful or to raise any issue warranting investigation at this time.

**5. Error in Bell Atlantic's long-term support contribution**

**(a) Background**

88. Price cap LECs are required, under Section 61.45(d)(iv) of the Commission's rules, 47 C.F.R. § 61.45(d)(iv), to make exogenous cost adjustments to their price cap indices to reflect changes in the NECA Long Term Support (LTS) and Transitional Support (TRS) funds. The Commission created these as part of a comprehensive plan for eliminating the mandatory nationwide CCL pool without endangering the financial viability of small, high-cost telephone companies.[204]

**(b) Contentions of the Parties**

89. Sprint asserts that Bell Atlantic's estimated decrease of $47,709,938 in its LTS contribution is understated. Sprint contends based on information in the NECA letter specifying

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[202] BellSouth Reply at 7. BellSouth states that the entire rate figure, without rounding is .01791891433874442. BellSouth Reply at 8 n.14, *citing* BellSouth F.C.C. Tariff No. 1, Transmittal No. 197, Chart CCL-1, line 490.

[203] BellSouth Reply at 8 n.15, *citing 1994 TRP Order*, 9 FCC Rcd at 1061 n.14. BellSouth also notes that the rounding it implemented must be acceptable because the required analyzer chart it filed with its 1994 access tariffs (*TRP Analyzer*) did not flag the rate, calculated to five decimal places, as being above cap. *Id.* at n.17, *citing TRP Analyzer*, at 1 of 6.

[204] *See, e.g.*, MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, Recommended Decision and Order, 2 FCC Rcd 2078 (1987), *recon.*, 3 FCC Rcd 4543 (1988) (*Pooling Order*); *LEC Price Cap Order*, 5 FCC Rcd at 6807.

each LEC's LTS obligation, that a typographical error in Bell Atlantic's 1994 access tariff caused Bell Atlantic's July 1994-June 1995 LTS exogenous cost change to be understated by $10,000.[205] Bell Atlantic stated in its reply that it will correct the typographical error relating to its LTS contribution in a subsequent pleading. Bell Atlantic subsequently filed an amendment to its transmittal that corrected the error in its LTS contribution and included workpapers necessary to reflect the corrected LTS amount.[206]

**(c) Discussion**

90. We find that Bell Atlantic has satisfactorily met Sprint's concerns by correcting the typographical error in its LTS contribution figure. Therefore, there is no reason for the Bureau to take any further action with respect to Bell Atlantic's LTS contribution estimate.

## III. RATE OF RETURN CARRIERS

### A. Anchorage's Demand Used to Calculate Traffic Sensitive Rates

#### 1. Background

91. Rate of return LECs that elect to file annual access tariffs under Section 61.38 of the Commission's rules, 47 C.F.R. § 61.38, are required by the *1994 TRP Order* to submit cost and demand estimates according to the schedules prescribed in the tariff review plan (TRP) for demand analysis (RORDMD-1) and revenue analysis (RORREV-1).[207] Anchorage included in its 1994 access filing a forecast of demand with these schedules.[208]

#### 2. Contentions of the Parties

92. AT&T alleges that Anchorage used an incorrect demand amount in calculating its traffic-sensitive rates for local switching, residual interconnection, and the information surcharge.[209] Specifically, AT&T contends that the minutes of use (MOUs) Anchorage forecasts in its RORDMD-1 schedule for the period from July 1994 through June 1995 is higher than the

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[205] Sprint Petition at 7, *citing* Bell Atlantic Tariff F.C.C. Nos. 1, 2, 4, 5, 8, Transmittal No. 644, D&J, at Workpaper 8-47.

[206] Bell Atlantic Tariff F.C.C. Nos. 1, 2, 4, 5, 8, Transmittal No. 644 - Amended (filed June 6, 1994).

[207] 9 FCC Rcd at 1064-65.

[208] Anchorage Tariff F.C.C. No. 5, Transmittal No. 80, D&J, at 4-5.

[209] AT&T Petition at 16-17, *citing* Anchorage Telephone Tariff F.C.C. No. 5, Transmittal No. 80, TRP RORDMD-1, at 3; TRP RORREV-1, at 1.

MOUs that it uses in its RORREV-1 schedule to calculate anticipated revenue for the same period.[210] AT&T concludes that the RORDMD-1 schedule appears to be reasonable, and Anchorage should have used the MOUs forecasted there to calculate its local switching, residual interconnection charge, and information surcharge rates.[211] AT&T maintains that use of the total MOUs reported in the RORDMD-1 schedule would decrease Anchorage's estimated revenues for local switching by $383,068, for residual interconnection charge by $90,064, and for the information surcharge by $14,981.[212]

93. Anchorage acknowledges that AT&T correctly identified a clerical error in the MOUs reported in its RORREV-1 schedule, but further contends that AT&T is wrong in assuming that the higher MOU figure reported in the RORDMD-1 schedule is the correct one.[213] Rather, says Anchorage, the lower MOU figure reported in its RORREV-1 schedule is correct. Accordingly, Anchorage filed a subsequent amendment to its annual filing to correct its RORDMD-1 schedule by displaying the corrected MOUs for prospective demand for traffic sensitive rates.[214] Anchorage maintains that monthly monitoring of its rate of return demonstrates a sharp decline in demand in 1993, and asserts that it will adjust its rates to recover only its authorized rate of return "[i]n the unlikely event that demand should exceed all reasonable expectations."[215]

### 3. Discussion

94. We have reviewed Anchorage Transmittal No. 80, as amended, and AT&T's petition. We believe that Anchorage's amendment eliminates any confusion about the demand Anchorage used to calculate its traffic sensitive rates for local switching, residual interconnection, and the information surcharge. We conclude that AT&T has failed to make a compelling argument that Anchorage's proposed traffic sensitive rates are patently unlawful or that they warrant investigation at this time.

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[210] AT&T avers that Anchorage forecasts 503,277,470 total MOUs in its schedule, but uses a lower 472,523,743 total MOUs in calculating anticipated revenue. *Id.*

[211] According to AT&T, using the RORDMD-1 schedule total MOUs would result in the following rates: $0.011695 (local switching); $0.002744 (residual interconnection); and $0.045737 (information surcharge). AT&T Petition at 17.

[212] AT&T Petition at 17, and Appendix E.

[213] Anchorage Reply at 1-2.

[214] Anchorage Telephone Tariff F.C.C. No. 5, Transmittal No. 80 -- Amended, TRP RORDMD-1, at line 430 (filed May, 31, 1994).

[215] Anchorage Reply at 3.

### B. Citizens Telecommunications EUCL Demand and Revenues

#### 1. Background

95. The *1994 TRP Order* provides that rate of return LECs filing their annual access tariffs under Section 61.38 of the rules are required to use a prescribed schedule DMD-3 to submit line counts that demonstrate the projected demand from which their carrier common line (CCL) revenue requirements are derived.[216] Under Section 36.611 of the rules, 47 C.F.R. § 36.611, LECs are required to submit Universal Service Fund data to NECA that includes the number of presubscribed common lines in each of their study areas and the number of those lines associated with each interexchange carrier serving that study area.

#### 2. Contentions of the Parties

96. AT&T contends that Citizens has made two demand calculation errors for the prospective test period that cause an overstatement of its CCL revenue requirement and its CCL charge. AT&T maintains that Citizens has understated its count of residence lines by 24,287, and its business lines by 4,699, resulting in an understatement of its test period EUCL revenues and overstatement of its CCL revenue requirement by $1,356,000.[217] AT&T further alleges that Citizens has understated its CCL demand by failing to explain why the CCL demand for its Tennessee operations is so much lower than its remaining entities or why the prospective demand for Citizens' Tennessee operations does not follow the historical trend for Tennessee specifically.[218]

97. Citizens responds that AT&T erroneously used Universal Service Fund (USF) data to measure Citizen's subscriber line count and reach the conclusion that Citizen's CCL revenue requirement is overstated.[219] Citizens explains that there is no correlation between the DMD-3 chart used to calculate the CCL revenue requirement and the USF loop count, which AT&T used, because the access line count in the DMD-3 chart includes only those lines upon which EUCL charges are paid to Citizens. On the other hand, says Citizens, the USF loop count takes into account all loops, regardless of whether any subscriber line charge is paid, including, FX lines, mobile carrier connecting circuits, and pay telephone lines.[220]

98. Citizens further argues that it is "fallacious and totally at odds with current

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[216] 9 FCC Rcd 1064-65.

[217] AT&T Petition at 18-19.

[218] *Id.* at 19-20.

[219] Citizens Reply at 2-3.

[220] *Id.*

competitive trends in the telecommunications industry" for AT&T to assert that Citizens' reported decline in CCL demand for its Tennessee operations must be wrong because it is not consistent with the patterns shown in Citizens' operations in other states or with the historic pattern of demand growth in Citizens' Tennessee operation.[221] Citizens maintains that the assumption that demand for LEC services can or will continue to increase is erroneous because LECs are no longer immune from competition and competitive forces.[222] Citizens further avers that, even if AT&T's arguments regarding demand flaws in Citizens' filing were meritorious, it is unclear how AT&T's recalculation of Citizens' terminating CCL rate would remedy any such flaws.[223]

### 3. Discussion

99. We have reviewed Citizens Transmittal No. 4 and AT&T's petition. We believe that Citizens has satisfactorily rebutted AT&T's arguments regarding purported inconsistencies between the DMD-3 and USF demand data. We agree with Citizens that the USF loop counts should not be used to compute CCL rates because they take into account additional loops that are not included in the access line count set forth in the DMD-3 schedule and used to set CCL rates. Although we have minor questions regarding the accuracy of Citizens demand forecast with respect to its Tennessee operations, Citizens nevertheless forecasts demand in the aggregate by pooling all of its study areas.[224] We therefore believe that, in the aggregate, Citizens has sufficiently demonstrated that its demand forecasts, including those for its Tennessee operations, are accurate. We conclude that AT&T has failed to make a compelling argument that Citizens' proposed CCL rates are patently unlawful or that they warrant investigation at this time.

## IV. UNIVERSAL SERVICE FUND AND LIFELINE ASSISTANCE RATES

### A. Background

100. In 1993, NECA filed a transmittal to make "resizing" adjustments to its charges. Resizing is a mechanism NECA proposed to use to adjust the charges to interexchange carriers to reflect any updates in average loop costs filed by LECs that affected the amounts to be recovered through the Universal Service Fund (USF).[225] In the *USF Order*, the Bureau found

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[221] *Id.* at 4.

[222] *Id.*

[223] *Id.* at 5.

[224] Citizens Transmittal No. 5, D&J, at 5.

[225] National Exchange Carrier Association, Revisions to Tariff F.C.C. No. 5, Transmittal Nos. 518, 527, 530, Universal Service Fund and Lifeline Assistance Rates, 8 FCC Rcd 922, 923 (Com. Car. Bur. 1993) (*USF Order*).

that NECA's resizing proposal appeared to inflate unreasonably the amount of USF payments, suspended the resizing transmittal for one day and initiated an investigation of NECA's USF rate, which is still ongoing.[226] The Bureau subsequently issued an Order designating for investigation issues regarding NECA's USF rates in order to determine whether the USF rate proposed by NECA unreasonably inflated the USF revenue requirement.[227] In the *1993 Annual Access Order*, the Bureau decided to incorporate NECA's 1993 access filing into the ongoing investigation initiated in the *USF Order* because it also raised an issue regarding the resizing adjustment that was sufficiently similar to the issue being investigated.[228]

### B. NECA Transmittal No. 612

101. On May 17, 1994, NECA filed Transmittal No. 612 to decrease its monthly USF charge from $0.4408 to $0.4295 per presubscribed line (PSL).[229] Also in this transmittal, NECA proposed to increase its monthly Lifeline Assistance (LA) charge from $0.0841 to $0.0901 per PSL. The proposed rates would result in a net decrease of $0.0053 per PSL per month from the combined rates in effect. No parties protested Transmittal No. 612.

### C. Discussion

102. We find that resizing adjustments to the proposed rates raise issues that are sufficiently similar to those in our current investigation of NECA's USF and LA rate changes that administrative convenience would be served by adding this transmittal to that investigation. We therefore suspend NECA's Transmittal No. 612 for one day and incorporate that transmittal into the Commission's ongoing investigation of NECA USF and LA provisions initiated in the *USF Order*. [230] NECA Transmittal No. 612 is also subject to the accounting order imposed in the *USF Order*.

## V. PAPERWORK REDUCTION ACT

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[226] *Id.*

[227] National Exchange Carrier Association, Revisions to Tariff F.C.C. No. 5, Transmittal Nos. 518, 527, 530, Universal Service Fund and Lifeline Assistance Rates, 8 FCC Rcd 2930 (Com. Car. Bur. 1993).

[228] 8 FCC Rcd at 4973.

[229] National Exchange Carrier Association, Tariff F.C.C. No. 5, Transmittal No. 612 (filed May 17, 1994).

[230] National Exchange Carrier Association, Revisions to Tariff F.C.C. No. 5, Universal Service Fund and Lifeline Assistance Rates, 8 FCC Rcd 922 (Com. Car. Bur. 1993); Order Designating Issues for Investigation, 8 FCC Rcd 2930 (Com. Car. Bur. 1993).

103. We are not initiating any investigations in this Order. We have analyzed this Order respect to the Paperwork Reduction Act of 1980 and found to contain no new or modified form, information collection, or recordkeeping, labelling, disclosure or other record retention requirements as contemplated under the statute.[231]

## VI. ORDERING CLAUSES

105. Accordingly, IT IS ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by any local exchange carrier that implemented a sharing or lower end adjustment as specified in Section II.A.1(c), *supra,* ARE SUSPENDED for one day, and are subject to the investigation of 1993 Annual Access Tariff Filings instituted in CC Docket No. 93-193. These local exchange carriers SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

106. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, any local exchange carrier that implemented a sharing or lower end adjustment as specified in Section II.A.1(c), *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-193.

107. IT IS FURTHER ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by the Bell Atlantic Telephone Companies that exclude subscriber line revenues from the computation that allocates the sharing obligation among different baskets as specified in Section II.A.2(c), *supra*, ARE SUSPENDED for one day, and are subject to the investigation of 1993 Annual Access Tariff Filings instituted in CC Docket No. 93-193. The Bell Atlantic Telephone Companies SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

108. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the Bell Atlantic Telephone Companies as specified in Section II.A.2(c), *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-193.

109. IT IS FURTHER ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by Southwestern Bell Telephone under

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[231] 44 U.S.C. § 3502(4)(A).

Transmittal Nos. 2344 and 2364, that increased the fixed mileage charge for DS1 services with zero miles of interoffice transport as specified in Section II.B.3(c), *supra*, ARE SUSPENDED for one day, and are subject to the investigation in the Expanded Interconnection Tariff Order instituted in CC Docket No. 93-162. Southwestern Bell Telephone SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

110. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, Southwestern Bell Telephone as specified in Section II.B.3(c), *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-162.

111. IT IS FURTHER ORDERED that, pursuant to section 4(i) of the Communications Act of 1934, 47 U.S.C. § 154(i), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by the Bell Atlantic Telephone Companies treating regulatory fees exogenously ARE UNLAWFUL. The Bell Atlantic Telephone Companies SHALL RECALCULATE the relevant indices as specified in Section II.C.2(d), *supra*. The Bell Atlantic Telephone Companies ARE DIRECTED to files these revised indices on June 29, 1994.

112. IT IS FURTHER ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions including claims for exogenous treatment of OPEB amounts and the proposed reversal of TBO amounts filed by any local exchange carrier as specified in Section II.C.3(c), *supra*, ARE SUSPENDED for one day, and are subject to the investigation of 1993 Annual Access Tariff Filings instituted in CC Docket No. 93-193. These local exchange carriers SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

113. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, any local exchange carrier that who included claims for exogenous treatment of OPEB amounts and the proposed reversal of TBO amounts as specified in Section II.C.3(c), *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-193.

114. IT IS FURTHER ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions reflecting the calculation of the "g" factor filed by the Bell Atlantic Telephone Companies as specified in Section II.D.3(c) *supra,* ARE SUSPENDED for one day, and are subject to the investigation of 1993 Annual Access Tariff Filings instituted in CC Docket No. 93-193. The Bell Atlantic Telephone Companies SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

115. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the Bell Atlantic Telephone Companies as specified in Section II.D.3(c), *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-193.

116. IT IS FURTHER ORDERED that, pursuant to Section 204(a), of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by the National Exchange Carrier Association, Inc., Transmittal No. 612, as specified in Section IV.C, *supra*, ARE SUSPENDED for one day, and are subject to the investigation in Universal Service Fund and Lifeline Assistance rates instituted in CC Docket No. 93-123. The National Exchange Carrier Association SHALL FILE a supplement reflecting this suspension no later than June 29, 1994, to be effective July 1, 1994.

117. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the National Exchange Carrier Association, Inc., as specified in Section IV.C, *supra*, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the tariff filings that are subject to the investigation in CC Docket No. 93-123.

118. IT IS FURTHER ORDERED that, the National Exchange Carrier Association, Inc., SHALL REVISE individual local exchange carrier obligations for long-term support payments in accordance with this Order. These revisions shall be filed on June 29, 1994, with a scheduled effective date of July 1, 1994.

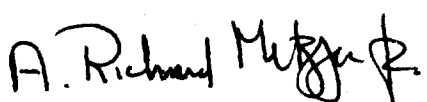
119. IT IS FURTHER ORDERED that, all local exchange carriers ARE DIRECTED to revise their PCIs to reflect the 75 day estimate of the GNP-PI in their price cap adjustment filings. These revisions shall be filed no later than June 29, 1994.

120. IT IS FURTHER ORDERED that, any local exchange carrier required to make revisions reflecting GNP-PI and changes in long-term support obligations shall file these revisions no later than July 7, 1994, with a scheduled effective date of July 8, 1994.

121. IT IS FURTHER ORDERED that any local exchange carrier that is required to file a supplement reflecting a one day suspension pursuant to this Order, MAY FILE, no later than June 29, 1994, a supplement advancing the currently scheduled effective date to June 30, 1994, and at the same time file a supplement reflecting the one day suspension. For this purpose, we waive Sections 61.58 and 61.59 of the Commission's Rules, 47 C.F.R. §§ 61.58, 61.59. Carriers should cite the "DA" number of the instant Order as the authority for this filing.

122. IT IS FURTHER ORDERED that the petitions to suspend and investigate or to reject the Annual 1994 Access Tariff Filings ARE GRANTED to the extent indicated herein and otherwise ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION



A. Richard Metzger, Jr.
Acting Chief
Common Carrier Bureau

## Appendix A

### Petitions

The following parties filed petitions against the 1994 Annual Access Tariff Filings. The names in parentheses are used for these parties throughout the Order.

Allnet Communications Services, Inc. (Allnet)
American Telephone and Telegraph Company (AT&T)
Competitive Telecommunications Association (Comptel)
MCI Telecommunications Corporation (MCI)
MFS Communications Company (MFS)
Sprint Communications Company, Limited Partnership (Sprint)
WilTel, Inc. (Wiltel)

### Replies

The following parties filed replies to the petitions:

Ameritech Operating Companies (Ameritech)
Anchorage Telephone Utility (Anchorage)
Bell Atlantic Telephone Companies (Bell Atlantic)
BellSouth Telecommunications, Inc. (BellSouth)
Citizens Telecommunications Companies (Citizens)
GTE Telephone Operating Companies (GTOC)
NYNEX Telephone Companies (NYNEX)
Southern New England Telephone Company (SNET)
Southwestern Bell Telephone Company (Southwestern Bell)
US West Communications, Inc. (US West)